

EMERALD COAST UTILITIES AUTHORITY

PENSACOLA, FLORIDA

**STATEMENT OF FRANCHISE FEES APPLICABLE
TO COMMERCIAL SANITATION OPERATIONS**

YEAR ENDED DECEMBER 31, 2011

EMERALD COAST UTILITIES AUTHORITY
PENSACOLA, FLORIDA
STATEMENT OF FRANCHISE FEES APPLICABLE
TO COMMERCIAL SANITATION OPERATIONS
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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Emerald Coast Utilities Authority
Pensacola, Florida

We have audited the accompanying statement of franchise fees applicable to commercial sanitation operations of the Emerald Coast Utilities Authority (the "Authority") for the year ended December 31, 2011, under the terms of the *Non-Exclusive Long Term Franchise Agreement for the Collection of Commercial Solid Waste* between Escambia County, Florida and the Authority. This financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of franchise fees applicable to commercial sanitation operations is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of franchise fees applicable to commercial sanitation operations referred to above presents fairly, in all material respects, the franchise fees applicable to commercial sanitation operations of the Authority for the year ended December 31, 2011, under the *Non-Exclusive Long Term Franchise Agreement for the Collection of Commercial Solid Waste* referred to above.

This report is intended solely for the information and use of the Board, management, and Escambia County, Florida and is not intended to be and should not be used by anyone other than those specified parties.



Pensacola, Florida
January 25, 2012

**EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF FRANCHISE FEES APPLICABLE TO
COMMERCIAL SANITATION OPERATIONS
YEAR ENDED DECEMBER 31, 2011**

<u>Month</u>	<u>Franchise Fees</u>	
	<u>Billed to Customers</u>	<u>Subsequently Paid to Escambia County</u>
January	\$ 7,951	\$ 7,951
February	8,157	8,157
March	8,964	8,964
April	9,068	9,068
May	8,893	8,893
June	9,902	9,902
July	10,058	10,058
August	10,203	10,203
September	10,058	10,058
October	8,950	8,950
November	8,378	8,378
December	8,441	8,441
Total	<u>\$ 109,023</u>	<u>\$ 109,023</u>

The accompanying notes are an integral
part of this financial statement.

EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background:

In October 2000, the Emerald Coast Utilities Authority (the "Authority") entered into a *Non-Exclusive Long Term Franchise Agreement for the Collection of Commercial Solid Waste* (the "Agreement") with Escambia County, Florida (the "County"). Under the terms of the Agreement, the Authority is required to charge a monthly franchise fee, based on volume of service provided, to each of its commercial customers in the unincorporated areas of the County. The Authority must remit these franchise fees to the County on a monthly basis. Each monthly payment is based on the commercial sanitation volume billed by the Authority during the preceding month, and must be delivered to the County no later than 20 days after the end of the preceding month. The amount of the franchise fee is determined by the County, and may be changed from time to time.

Basis of Presentation:

Franchise fees billed to customers are recognized in the month billed. Franchise fees subsequently paid to Escambia County represent the amount paid by the Authority to the County in the following month.

Subsequent Events:

Subsequent events have been considered through January 25, 2012, which is the date the financial statement was available to be issued.

NOTE 2 - FRANCHISE AGREEMENT

The terms of the Agreement include various provisions, including the following items which must be specifically disclosed in this financial statement.

Failure to Deliver Commercial Solid Waste to Designated Facility:

The terms of the Agreement require the Authority to deliver all commercial solid waste to the Escambia County Perdido Landfill, except for construction and demolition waste. In the event of failure to deliver in accordance with the terms of the Agreement, the Authority is required to pay the County for the shortfall in tonnage. During the year ended December 31, 2011, the Authority did not owe any amounts to the County for failure to deliver commercial solid waste to the Escambia County Perdido Landfill.

Receipt of Delinquent Customer Payments Previously Used to Obtain a Credit:

The terms of the Agreement entitle the Authority to a credit toward the franchise fee if the Authority submits a financial report demonstrating that it has not been paid by one or more customers for more than 180 days and has no reasonable expectation of being paid in the future. During the year ended December 31, 2011, the Authority did not receive any delinquent payments from customers that previously were used to obtain a credit toward the franchise fee.